



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

March 18, 2002

CERTIFIED RETURN RECEIPT

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Mr. Chris Gypton  
Hecla Mining Company  
Box C-8000  
6500 Mineral Drive  
Coeur D'Alene, Idaho 83814

Re: Status of Proposed Post Mine Land Use Change and Surety Release Request, Escalante Silver Mine, M/021/004, Iron County, Utah

Dear Mr. Gypton:

This letter is in response to the latest documents received from Hecla Mining Company on April 20, 2001, and from Dixie Cable on September 24, 2001 concerning the status of the post mining land use change request and surety release. Our response was delayed pending the resolution of the federal/state land ownership dispute, and notification from Hecla that the waste rock pile reclamation was complete.

Dixie Cable's September 24<sup>th</sup> correspondence clarifies their intended post mine land use of the property. The proposed land use is non-mining related and would not require a permit from our office. The following issues remain unresolved:

1. The BLM/State Trust Land Administration land trade issue still has not been finalized. This issue remains as one of the approval conditions to the post-mine land use proposal.

*Recent consultations with BLM officials indicate that it may be several more weeks before this matter is resolved. For more information in this matter please contact: Mr. Joe Incardine (BLM State Office) at (801) 539-4118. The School and Institutional Trust Land Administration contact is Kevin Carter at (801) 538-5160.*

2. The second issue concerns the outstanding waste rock pile reclamation. Hecla agreed to reclaim the waste rock pile last fall (as per your April 17, 2001 letter). Based on a site inspection on February 27, 2002, it was observed that this reclamation work has not been performed.
3. The third issue involves the process waste material left in the thickener tank (estimated 50 cu. yds.). This material needs to be properly cleaned up and disposed of, or removed for

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supplemental processing as originally proposed by Dixie Cable. Written confirmation that this waste material has been appropriately handled is required.

**Note:** *Items #4 & 5 below are not tied to the post-mining land use change request.*

4. A fourth issue that must eventually be resolved concerns the reclamation of the access road to the tailings pond. Hecla's April 17<sup>th</sup> letter indicated that the road must remain intact until the ground water monitoring is completed in the year 2010. Hecla also provided estimated costs for the monitoring and road reclamation. These reclamation and monitoring requirements will remain under the reclamation surety until they are completed.
5. The fifth issue concerns the request for partial release of surety for the tailings pond reclamation. This matter is contingent upon Hecla and the BLM agreeing on a monitoring and contingency plan to deal with the knapweed infestation. A letter from the BLM dated August 27, 2001, proposed such a plan. Has a final agreement been reached between Hecla and the BLM concerning this issue? Please provide updated information in this regard.

If appropriate resolutions to items #1 – 3 cannot be reached within 60 days of your receipt of this letter, the Division will reject and return the post-mining land use proposal. A transfer of the pertinent mine properties and facilities from Hecla to Dixie Cable, could be facilitated through a formal permit transfer process. Posting of appropriate reclamation surety by Dixie Cable would be required until the outstanding land use change concerns were resolved. The Division may be forced to pursue bond forfeiture proceedings, if Hecla is unable or unwilling to perform the required reclamation.

If you have questions or concerns regarding the issues outlined in this letter, please contact me at (801) 538-5286, or Lynn Kunzler at 538-5310. We look forward to the receipt of your response and to the final resolution of the remaining issues.

Sincerely,



D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
cc: Clifford V. Dunn, Esq.  
Carl Hartman, Dixie Cable  
Ed Ginouves, BLM  
Mary Ann Wright, DOGM  
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